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Exporter Guide

The Second Report of the Product Assessment

Support Services (PASS)

2003

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Report Highlights:

This is the second report of ATO Guangzhou's Product Assessment Support Services (PASS). Eight of 14 new products have sales potentials in South China.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Guangzhou [CH3], CH

This is the second report of the Produce Assessment Support Service (PASS), a unique service of ATO Guangzhou. It shows 8 of 14 new products have sales potentials in South China. The assessment also considered at what retail prices the products might be sold.

The assessed products included jelly bean, fruit snacks, dried apples, golden raisins, mini rice snack, blue potato chips, sourdough hard pretzel, chocolate covered almonds, candy coated almonds, white clam sauce, red clam sauce, cherry berry preserves, apricot preserves, and banana puree ingredient.

Product Assessment Reports

Products	Import A	Import B	Import C	ATO Marketing Report
Fruit Snacks	Market for this kind of candy food limited. Major competitors: Germany and a joint-venture enterprise in China. Suggest retailing not to exceed RMB10 yuan per 255g.	Has some sales market. Some people would buy it for kids. Suggest retailing not to exceed RMB15 yuan per 255g.	Has some sales potentials in South China. Major competitors: Germany. Suggest retailing not to exceed RMB15.00 yuan per 255g.	Local supermarkets have similar products. Most are produced locally. The only foreign brand: Quality & Value (Japan). Average price: RMB10 yuan per 120g.
Dried Apples	Due to moisture content maintains the quality of this product is hard. Prospect for sale would not be optimistic. Suggest retailing not to exceed RMB6 yuan per 142g.	Suggest retailing not to exceed RMB12 yuan.	This kind of product does not sell well in South China.	No other foreign brands in South China. A few local similar products available in supermarkets. Average price: RMB4.20 yuan per 90g.
Chocolate Covered Almonds	Seasonal product, good for sale in festivals like Christmas, Spring festival and Valentine's Day. Price is a deciding factor. Suggest retailing not to exceed RMB22 yuan per 198g.	Seasonal product. Winter is the peak sale period. Price is a deciding factor. Suggest retailing not to exceed RMB40 yuan per 198g. Need promotion and advertisement support.	Price is a deciding factor. Suggest retailing not to exceed RMB20 yuan per 198g.	Many imported chocolates from Belgium, Italy, America, France, Brazil, Holland and Germany are available in local supermarkets. Hershey (USA), Mon Cheri (Italy), Ferrero Rocher (Italy), Ducd'O (Holland) are popular among local consumers.

Sourdough Hard Pretzel	Has competitive advantage over current snack food products. Bright future in South China.	Has great sales potentials in South China. Suggest retailing not to exceed RMB6 yuan per 283.5g.	Haven't seen this kind of products in the Pearl River Delta. Has great sales potentials.	Many snack food in the local markets, but not products with this mixture.
Blue Potato Chips	Has competitive advantage over current similar products. Bright future in South China. Suggest retailing not to exceed RMB7 yuan per 141g.	Has great sales potentials in South China. Suggest retailing not to exceed RMB12 yuan per 141g.	It's a novel product. Competitor: Calbee (HK) and Pringles (USA).	Calbee (HK) and Pringles (USA) brands are the leading brand in the local market for many years. Average price: RMB16 yuan per 110g for Calbee and RMB13 yuan per 184g for Pringles.
Mini Rice Snakes	Has competitive advantage over current similar products. Bright future in South China. Suggest retailing not to exceed RMB7 yuan per 90g.	Has great sales potentials in South China. Need labeling with information on health. Suggest retailing not to exceed RMB8 yuan per 90g.	Has no sales potentials. Cantonese would not enjoy sweet chips like this. Suggest retailing not to exceed RMB3.50 yuan per 90g.	Calbee (HK) is the leading brand in the market for many years. No other foreign brands are available. Average price: RMB16 yuan per 110g.
Jelly Bean	The product has sales market. Suggest retailing not to exceed RMB4 yuan per 113g.	Price is a deciding factor. If the price is right, the product has sales potentials in South China. Suggest retailing not to exceed RMB7 yuan per 113g.	Price will be the deciding factor. Suggest retailing not to exceed RMB7 yuan per 113g.	The product has no other foreign brands in local supermarkets.
Candy Coated Almonds	The product has sales market. Suggest retailing not to exceed RMB4 yuan per 170g.	Price will be the deciding factor. Suggest retailing not to exceed RMB7 yuan per 170g.	Demand is small. People tend not to accept leisure food that is too sweet. Suggest retailing not to exceed RMB15 yuan per 170g.	Some local processing plants have similar products. Average price: RMB26 yuan per 350g.

Golden Raisins	Price will be the deciding factor.	Enjoys high prestige in quality, it would be the first choice for higher income people. Suggest retailing not to exceed RMB14 yuan per 425g.	The product has sales potential. Packaging is more important for its sales. See-through packaging would be better in China. Suggest retailing not to exceed RMB10 yuan per 425g.	To reduce cost, most Chinese importers usually import the product in bulk and then process it with different flavors and pack it into supermarket packages. Some local brands, like "Rainbow", "Maple" are popular among consumers in the Guangzhou area.
Cherry Berry Preserves	Has sales potential but the market is small. Price is the most important factor.	The market is small. China has many kinds of fruit jam. They do not sell well. Chinese still enjoy their traditional breakfast.	The product has sales potential. Cantonese would like to try new products. Need support in promotion and education. Suggest retailing not to exceed RMB25 yuan per 312g.	New product. No foreign brands in the local market.
Apricot Preserves	Has sales potential but the market is small.	The market is small. China has many kinds of fruit jam. They do not sell well. Chinese still enjoy their traditional breakfast.	Has sales potential but the market is small. Suggest retailing not to exceed RMB10 yuan per 280g.	Domestic fruit jam is readily available in the local market. Imported fruit preserves in supermarkets include Robertson's (British) and Confiture (France). Average price: RMB24 yuan per 340g.
Red Clam Sauce	The market is small. People in South China prefer fresh food.	Demand is small. The White-collars probably would try the new product. Suggest retailing not to exceed RMB7 yuan per 297g.	Western restaurants and hotels are the likely buyers of the product. Limited market for individual consumers.	The available imported brand of the similar product currently in local supermarkets is Hunt's (USA). Average price: RMB20 yuan per 680ml.
White Clam Sauce	The market is small. People in South China prefer fresh food.	Demand is small. The White-collars probably would try the new product. Suggest retailing not to exceed RMB7 yuan per 297g.	Western restaurants and hotels are the likely buyers of the product. Limited market for individual consumers.	The available imported brand of the similar product currently in local supermarkets is Hunt's (USA). Average price: RMB20 yuan per 680ml.

Banana Puree	New product. No similar products in the Pearl River Delta. Has sales potential in South China. Need to offer more choices in taste.	The ingredient product has sales potential in China. Need promotion and advertisement support.	The baking industry has a demand for the ingredient product. Need information on how to use the product.	Not available in the market. The product is a food ingredient.
<p>Notes: 1) The exchange rate is US\$1.00=RMB8.265yuan.</p> <p>2) ATO Marketing Report is based on staff visit to the Guangzhou Merchandise Building, the Friendship Store, the Parkn'Shop Superstore, the Trust-Mart Hypermarket, the Jusco Supermarket, the Carrefour Hypermarket, the Huarun Wanjia Hypermarket in Guangzhou.</p>				

About the Importers/Assessors:

Importer A has been in the food products business for many years. He established a food processing, packaging, and distribution company in 1995. He is serving as an agent for several well-known products from various countries. His company is especially strong in the promotion and sale of snack, candy, and chocolate. It has a subsidiary company in the United States. The importer is a frequent traveler to the United States.

Importer B has been in the food products business for many years. She established her own import and export company in Guangzhou in 1991. Since then the company has handled (represented) more than 400 different items. The Guangzhou company has a subsidiary in the United States. The importer travels between China and the United States frequently to source new products. She had served as an agent for U.S. food companies.

Importer C is a couple who have been in the food product business since 1982. They were involved in food processing in the early years. Since 1989, they began serving as agents for many kinds of foreign products. In 1993, they set up a retail outlet for the sale of candies and chocolates. Since then, they have established 44 chain stores in Shanghai, Beijing, Guangzhou, Changsha, Chengdu, and other Chinese cities. Due to other business involvement, Importer C will not be able to continue serving on the assessment panel. ATO/GZ is in the process of finding a replacement for future assessments.

The importers are available to serve as agents/distributors of U.S. food products and are also prepared to recommend other local importers to serve similar functions. U.S. exporters interested in using their services as agents may contact them through the Agricultural Trade Office in Guangzhou.

Market Potentials For U.S. Products

Comparable products of most of the 14 products are familiar to the Chinese consumers. According to the assessors, there are strong demands for some of these products. Primarily because of their better quality. For some products, however, the assessors are not unanimous in their assessment.

For Chinese consumers, taste is one of the more important factors. The products must have a gradation of taste to let consumers have more choices. In general, Cantonese prefer a mildly sweet

taste and a natural taste.

Price is the other more important factor. The currently available foreign products in the retail markets are too expensive for most local consumers. If the prices of these products are lowered by 20 to 30 percent, demand for them would expand greatly. To penetrate the South China market, exporters might focus on the high quality and health benefits of their products.

Contact

If you are interested to know more about or to utilize the Product Assessment Support Services (PASS), contact the U.S. Agricultural Trade Office, China Hotel Office Tower, 14th Floor, Liu Hua Lu, Guangzhou, China 510150. Attention: Ms. Sharon Zhang. You can fax your expression of interest to 011-8620-8666-0703.